



PUBLICATION 73 • NOVEMBER 2005

YOUR CALIFORNIA SELLER'S PERMIT

Your Rights and Responsibilities Under the Sales and Use Tax Law

STATE BOARD OF EQUALIZATION

BOARD MEMBERS

Betty T. Yee
Acting Member
First District
San Francisco

Bill Leonard
Second District
Sacramento/Ontario

Claude Parrish
Third District
Long Beach

John Chiang
Fourth District
Los Angeles

Steve Westly
State Controller

EXECUTIVE DIRECTOR

Ramon J. Hirsig

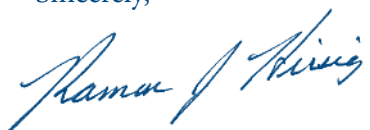
A Message from the Director

It is a pleasure to welcome you to the company of over one million businesses that are registered with the State Board of Equalization. As a seller, you will be reporting taxes to the Board on a regular basis and will most likely have questions regarding your responsibilities under the Sales and Use Tax Law.

We encourage you to take advantage of our website, www.boe.ca.gov, to help you with your questions. You'll also find enhanced services there, including E-file, our electronic tax return filing service (see page 12). You can also reach us by calling our Information Center at 800-400-7115 or visiting your local field office (see page 32 for phone numbers).

We wish you success in your business and look forward to working with you in the future. We invite your suggestions for ways to improve our services and encourage you to contact us with your comments and recommendations. We look forward to hearing from you.

Sincerely,

A handwritten signature in blue ink, reading "Ramon J. Hirsig". The signature is fluid and cursive, with the first name "Ramon" being more prominent.

Ramon J. Hirsig, Executive Director
State Board of Equalization



E-file today. It's E-Z, It's Fast, It's Smart. www.boe.ca.gov

CONTENTS

<i>Chapter</i>	<i>Page</i>
1 Obtaining a Seller's Permit	1
2 Applying Tax to Your Sales and Purchases	5
3 Reporting Taxes—in General	10
4 Buying, Selling, or Discontinuing a Business	15
5 Using a Resale Certificate	17
6 Keeping Records	20
7 Regulations	23
8 Publications	26
9 Where to Get Help	28

To contact your Board Member, see www.boe.ca.gov/members/board.htm

Note: The statements in this booklet are general and are current as of the date on the cover. The Sales and Use Tax Law (Revenue and Taxation Code, section 6001 and following) is complex and subject to change. If there is a conflict between the law and this booklet, any decisions made will be based on the law and not this booklet.

Who must obtain a seller's permit?

You must obtain a seller's permit if you

- Are engaged in business in California, and
- Intend to sell or lease tangible personal property that would ordinarily be subject to sales tax if sold at retail.

The requirement to obtain a seller's permit applies to individuals as well as other entities such as corporations, partnerships, and limited liability companies. Both wholesalers and retailers must apply for a permit.

If you do not hold a seller's permit and will make sales during temporary periods, such as Christmas tree sales and rummage sales, you must apply for a temporary seller's permit. Such permits are normally issued to selling operations lasting no longer than 30 days at one location. Additional information is available on our website at www.boe.ca.gov. Or you may contact our Information Center at 800-400-7115, Monday through Friday, 8 a.m. to 5 p.m. Pacific time, excluding state holidays.

What does "engaged in business" mean?

You are engaged in business in California, even if you are located out of state, if you

- Have an office, sales room, warehouse, or other place of business in this state (even if the location is only temporary), or
- Have a sales representative, agent, or canvasser operating in this state, or
- Receive rental payments from the lease of tangible personal property located in this state.

There are other activities that may qualify a selling operation as being engaged in business in California. Due to the various rules that apply, you should contact us to determine if you must obtain a permit.

What is meant by "ordinarily subject to sales tax"?

In general, retail sales of tangible personal property in California are subject to sales tax. Examples of tangible personal property include such items as furniture, giftware, hot food products, toys, antiques, and clothing.

In addition, some service and labor costs are taxable if they result in the creation of tangible personal property. For example, if you make a ring for a specific customer, you are creating tangible personal property. Therefore, the total amount you charge for the ring (including the charge for labor) would be taxable. This would also be the case if the customer provided the materials for making the ring.

However, labor costs for making repairs (resetting a diamond, for example) are not taxable since they do not result in the creation of tangible personal property. You are only repairing or reconditioning existing property.

Likewise, labor charges to install or apply property that has been sold is not ordinarily subject to sales tax (note: the labor charge should be stated separately on the bill).

There are many rules governing what is taxable. You are encouraged to call our Information Center at 800-400-7115 for information on what is taxable for your business. You may also order a tax tip booklet designed for your type of business or request copies of regulations that explain the law more fully. Listings of regulations and available publications are provided beginning on page 23.

How do I apply for a permit?

Applications can be downloaded from our Internet site, www.boe.ca.gov. You can also arrange to have an application mailed or faxed to you (call 800-400-7115). Or you can visit or call one of our offices to obtain an application (see page 32). *Note:* Regardless of how you obtain an application, you will need to mail or bring in the completed application since we must have your original signature. You should make a copy for your records.



If I apply for a permit, what information do I need to provide?

You will be asked to furnish

- Your social security number (corporate officers excluded).
- The name and location of a bank where you have an account.
- Names of your suppliers.
- Name of bookkeeper, accountant, or other person maintaining your business records.
- Name and address of a personal reference.
- Your projected monthly sales and the amount of those sales that are taxable.
- A photocopy of your driver license (if you are mailing your application). This is to ensure the accuracy of the information provided and to protect against fraudulent use of your identification numbers.

Additional information may be required.

If you have partners, or if your business is managed by corporate officers or limited liability company managers, members, or officers, those individuals will also be asked to furnish some of the information listed above.

Is information regarding my account subject to disclosure?

Yes. While most of the information you provide to us is confidential, some is subject to public disclosure, such as the information on your seller's permit and the closeout date of your business, if applicable. Under certain conditions, your account information, including underreporting and outstanding liabilities, may be shared with other government agencies.

Do I need more than one permit?

If you have more than one place of business (located at a different address), you may need a separate permit for each location. In some instances it is possible to obtain a consolidated permit for multiple business outlets. At the time you apply for a permit, be sure to provide information for all business locations so that we can issue the correct type of permit.

Is there a fee charged for a seller's permit?

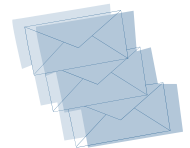
No. The permit is free. However, under certain circumstances, we may require a security deposit.

When would the Board require a security deposit?

We may require a security deposit if your permit is ever revoked, or to cover any unpaid taxes that may be owed in the event your business closes. The amount of the deposit is determined when you apply for the permit. If you maintain a good record of filing and paying your taxes on time, the deposit may be refunded.

If I am no longer in business, can I keep my seller's permit?

No. Your permit is valid only so long as you are actively engaged in business as a seller. If you are no longer conducting business as a seller, you should return your permit to us for cancellation. See also chapter 4, "Buying, Selling, or Discontinuing a Business." Likewise, we will cancel your permit if we find that you are no longer engaged in business as a seller.



Should I tell the Board if I change my business or mailing address?

Yes. We will need to update our records to ensure that your tax returns are mailed to the correct location.

If the ownership of my business changes, do I need to let you know?

Yes. You must notify us directly of any changes in ownership of your business. As explained on pages 15 and 16, if ownership records are not kept current, previous owners are generally liable for taxes, interest, and penalties incurred by the business after the transfer.

Incorporating a business or forming a partnership or limited liability company is considered a change of ownership and must be reported. You must notify us directly of any ownership changes. Publishing this information in a newspaper or reporting it to another state agency is not sufficient notice to us.

In addition, if you add or drop a partner, you should notify us immediately. Notifying us in a timely manner could help limit the personal liability of the departing partner for tax, penalty, and interest charges incurred by the business after the partner's departure.

If my spouse or registered domestic partner and I have a seller's permit and we divorce or legally separate and the business is awarded to the other party, should I notify the Board?

Yes. This is considered the same as a change of ownership and should be reported. You must let us know in writing that you are no longer involved in the operation of the business. A legal

separation or divorce decree awarding the business to one person, without written notification to us of the change, is not sufficient notice.

Is my seller's permit the same as a business license?

No. You should contact your local business license department to obtain a separate business license. To locate the department, check the government pages of your telephone directory (for example, look for the terms "license" or "business license" under City Government Offices and County Government Offices).

Should I be registered to pay other taxes?

See page 30 for information on some of the other tax programs we administer. You should also check with other state, federal, and local taxing and licensing authorities about any registration requirements they may have. For example, do you need to be registered with State Franchise Tax Board or the Employment Development Department? The California Environmental Protection Agency offers extensive information on state, local, and federal permit requirements at www.calgold.ca.gov. For information regarding how your out-of-state corporation can qualify to transact business in the state of California, you may visit the Secretary of State's website at www.ss.ca.gov. Also, see California's Tax Information Center at www.taxes.ca.gov, for information regarding the minimum franchise tax for corporations.



Are my business records subject to audit?

Yes. We may audit your records to determine whether you have paid the correct amount of tax (see chapter 6 for information on the types of records you must retain). The audit may determine that you owe tax, that you are entitled to a refund, or that you have paid the correct amount. In general, you may be audited in three-year intervals, at the time you close out your permit, or in connection with an audit on another permit you hold. Audits may also be initiated as a result of information received from outside sources.

What are my obligations as a permit holder?

As a permit holder, you are required to

- Report and pay sales and use taxes (see chapters 2 and 3).
- Keep adequate records (see chapter 6).

You are also required to notify us if you

- Change your business or mailing address (see page 3).
- Change the ownership of your business (see page 3).
- Sell your business (see chapter 4).
- Buy another business (see chapter 4).
- Discontinue your business (see chapter 4).

As a retailer, you are required to pay sales and use taxes and file tax returns. This chapter provides a general overview of those responsibilities. See chapter 3 for a description of how to file your sales and use tax returns. It is also best to get tax advice in writing, as explained on page 29.

What is taxable?

As noted in chapter 1, retail sales of tangible personal property in California are generally subject to sales tax. Examples of tangible personal property include such items as furniture, giftware, toys, antiques, clothing, and so forth. In addition, service and labor costs are subject to sales tax if they result in the creation of tangible personal property.

In some instances, retailers must pay use tax rather than sales tax. The most common example of a purchase subject to the use tax is a purchase of an item from an out-of-state retailer for use in California. Out-of-state retailers who are engaged in business in this state are required to collect the use tax, whenever applicable, from the consumer at the time of the sale (see page 12 for more information on use tax).

The sales and use tax rates are the same.

Some sales and purchases are exempt from sales and use tax. Examples of exempt sales include, but are not limited to, sales of certain food products for human consumption, sales to the U.S. government, and sales of prescription medicines. For more information on exempt sales, you should request a copy of publication 61, *Sales and Use Taxes: Exemptions and Exclusions*. (See chapter 9 for information on how to order publications.)

Who is responsible for paying sales tax to the Board?

As a seller, you are responsible for paying the correct amount of sales tax to us. If you do not pay the correct amount, the additional tax charges plus applicable penalty and interest will be charged.

Can I collect sales tax from my customer?

Yes. Although you are required to pay and report sales taxes to us, you may be reimbursed by your customer for the amount of tax you owe on a sale. For example, if you are required to pay \$1.75 in sales tax on a sale, you may pass that cost on to your customer, provided it is agreed to as part of the sale. It is presumed that the customer agrees to pay the addition of an amount for tax if

- You list a separate amount for sales tax reimbursement on your receipts or invoices;
- You post a sign on your premises stating that sales tax reimbursement will be added to all prices of taxable merchandise, or make a similar statement on price tags, advertising material, and other printed material directed to the purchaser; or
- The sales agreement specifically calls for the addition of sales tax reimbursement.

If you include sales tax reimbursement in your prices, rather than itemizing it separately on your invoices or receipts, you must inform the buyer that tax is included. You can post this information at your premises in a location that is visible to purchasers, or you can include it on a price tag or in an advertisement, whichever is applicable. Use one of the following statements:

- “All prices of taxable items include sales tax reimbursement computed to the nearest mill.”
- “The price of this item includes sales tax reimbursement computed to the nearest mill.”

What tax rate do I use?

The sales and use tax rate varies statewide. The statewide base rate is 7.25 percent. However, the rate is higher in locations where voters have approved additional district taxes. Most of these districts encompass an entire countywide area. However, some districts are limited to a single city. District taxes may be used for special services such as transportation or libraries, or they may be used to support general services.

Examples:

- In San Bernardino County, the tax rate is 7.75 percent. This rate reflects the statewide base rate of 7.25 percent plus 0.50 percent for the San Bernardino County Transportation Authority. The rate applies countywide.
- In the city of Placerville, located in El Dorado County, the tax rate is 7.50 percent. This rate reflects the 7.25 percent statewide base rate plus 0.25 percent for a public safety district. The 7.50 percent rate applies only within the city limits of Placerville. The tax rate in areas of El Dorado County outside the city of Placerville is 7.25 percent.



More than three-fourths of all businesses in the state are located in or do business in a special taxing jurisdiction.

How do I know if I am required to report and pay the district tax for special taxing jurisdictions described above?

As a seller, you must report and pay the district sales tax (called a transactions tax) or use tax on your taxable sales and leases if you

- Have a business location or are engaged in business within the district,
- Lease tangible personal property that is used in the district, or
- Sell or lease vehicles, undocumented vessels, or aircraft that will be registered in the district.

You are engaged in business in a district if you are a retailer who

- Maintains, occupies, or uses any type of office, sales room, warehouse, or other place of business in the district, even if it is used temporarily, indirectly, or through an agent, or
- Has any kind of representative operating in the district for the purpose of making sales, making deliveries, or taking orders, or
- Receives rental income from leases of tangible personal property located in the district.

There are some differences between the rules that apply to the payment of taxes in special districts and the payment of sales and use taxes in general. You should refer to publication 44, *Tax Tips for District Taxes*, for more information. You can download the publication from our website at www.boe.ca.gov/pdf/pub44.pdf.

If your sales or leases are not subject to a special district tax, you should report tax at the state-wide base rate, which is currently 7.25 percent.

How can I find out where special taxing jurisdictions are located?

There are several sources for this information:

- The information is included with your sales and use tax return.
- You can read publication 71, *California City and County Sales and Use Tax Rates*, which provides a detailed listing of applicable rates. It is available online at www.boe.ca.gov/pdf/pub71.pdf.
- You can call our Information Center at 800-400-7115 during normal business hours and speak to a representative.

What if I collect too much tax from my customer?

If you collect more than the amount of tax due, you must either return the excess amount to the customer or pay it to us.

Are barters and exchanges taxable?

Yes. Barters or exchanges are sales or purchases under the Sales and Use Tax Law. Tax normally applies to the fair market value of the property or services received.

For example, assume that you are a retailer of electronic equipment and owe \$500 for dental care. In place of cash, you provide a television set from your inventory as full payment for the dental bill. The transaction is considered a taxable sale of the television set, and you must report and pay tax based on the \$500.

Are trade-ins taxable?

Yes. The value of a trade-in is considered taxable. For example, if you sold a car for \$20,000 and accepted a trade-in valued at \$4,000 as partial payment, tax would be based on the \$20,000 selling price (that is, when computing sales tax, you could not deduct the value of the trade-in from the sales price of the car being sold).

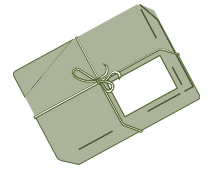
Are delivery and handling charges taxable?

Delivery charges

■ *You have the property delivered directly to your customer using a common carrier, the U.S. Mail, or an independent contractor.*

Tax does not apply to the delivery charges under these conditions if the charges are clearly stated as a separate entry on the invoice or other bill of sale. If the delivery charges are not stated separately, they are taxable.

Example: You sell a refrigerator and have it delivered by an independent contract carrier. On the invoice, you show a \$750 charge for the refrigerator plus a separately stated \$50 charge for delivery (the amount the carrier charged you). Since the delivery charge is stated separately, tax applies only to the charge for the refrigerator (\$750). If the invoice had shown a single charge of \$800, tax would apply to the entire amount.



Note: If you charge more for delivery than your actual costs, the added amount is subject to tax. In the example above, if you had charged your customer \$60 for delivery, but your actual delivery cost was \$50 (the amount the independent contract carrier charged you), tax would apply to the additional \$10 charge.

■ *You use your vehicle to make the delivery.*

Tax applies to the delivery charges if you use your own vehicle, whether or not those charges are separately stated on the invoice (see also note below).

Example: You sell a refrigerator and deliver it to your customer using your own vehicle. On the invoice, you show a \$750 charge for the refrigerator plus a separately stated \$50 charge for delivery. Tax applies both to the delivery charge and the charge for the refrigerator.

Note: Tax does not apply to delivery charges using your own vehicle if there is a written contract of sale, signed before delivery, that transfers ownership of the property to the purchaser prior to delivery.

Handling charges

Handling charges are generally taxable.

Combined charges

If you charge a single amount for delivery and handling (for example, the invoice shows a single amount for “postage and handling” or “shipping and handling”), the portion of the charge that represents handling is generally taxable, while the portion that represents delivery may or may not be taxable (see “Delivery charges” above).

Note: It is important to use terms such as delivery, shipping, or postage on the invoice to represent the delivery charges. A separately stated charge that says only handling, for example, is not considered a delivery charge, and the entire handling charge is taxable—even if postage or shipment charges are indicated on the package.

For more information on delivery charges, or information on how tax may apply to a specific transaction, please call our Information Center, 800-400-7115. You may also wish to obtain a copy of Regulation 1628, *Transportation Charges*, or publication 100, *Shipping and Delivery Charges*.

I make drop shipments on behalf of out-of-state retailers. Am I liable for sales tax?

If you make drop shipments to California customers for out-of-state retailers, you are not liable for tax on your sale to the out-of-state retailer if that retailer holds a valid California seller’s permit or a California Certificate of Registration-Use Tax. The out-of-state retailer is liable for tax on the sale to the California customer.

However, you will owe tax if the out-of-state retailer does not hold either type of permit and the retail sale of the property is subject to California sales or use tax. The retail selling price of the item would be either of the following:

- The amount the out-of-state retailer charged the California customer.
- The amount you charged the out-of-state retailer plus a mark-up of 10 percent.

Note: For reporting periods prior to January 1, 2001, you may *not* use the second method to calculate the tax for drop shipments of vehicles, vessels, and aircraft, also known as “courtesy deliveries.”

If the California customer is purchasing the property for resale, you are not liable for tax if you obtain and retain in your records a valid California resale certificate from the customer.

If I accept foreign currency as payment, how do I figure tax?

Tax is measured in United States dollars based on the conversion rate of the foreign currency as of the date of the contract for the sale.



Where can I get more information?

You are encouraged to take advantage of our other resources, such as our Internet site, classes, other publications, and so forth. For more information, see

- Page 23, Regulations
- Page 26, Publications
- Page 28, Where to Get Help

What is a sales and use tax return?

A sales and use tax return is a form used by seller's permit holders to report the payment of sales and use taxes to the Board of Equalization. Permit holders are required to file a standard *State, Local, and District Sales & Use Tax Return*. Based on the types of deductions claimed, some businesses may qualify to use the *Short Form—Sales and Use Tax Return*.

When do I file my tax return?

When you obtain your seller's permit, you will be instructed to file your tax return on a monthly, quarterly, or annual basis (the determination is based on the volume of taxable sales expected for your business).

We will send you a tax return to complete at the close of each reporting period. The filing due date is printed at the top of the return. If you do not receive your tax return form within 15 days after the end of the reporting period for your business, you should call the Information Center, 800-400-7115.

You must file a tax return by the due date. Failure to receive a return from us does not excuse you from the requirement to file.

You must file your returns on time, as described below:

E-file, using the Internet. As described on page 12, some returns can be filed online. You must file and pay by the tax due date for your reporting period.

Mailed returns. Mailed returns, forms, and payments must be postmarked on or before the specified due date. Be sure to drop off your return before the daily postal pickup to ensure a timely postmark. If the due date falls on a Saturday, Sunday, or legal holiday, returns postmarked by the next business day are considered timely. You may send such items through a commercial delivery service, but you will need to retain proof of the dates the items were sent.

Hand-delivered returns. Hand-delivered return forms and payments must reach our offices on or before the due date. If the due date falls on a Saturday, Sunday, or legal holiday, returns received by the next business day are considered timely.

Payments made by electronic funds transfer (EFT). If you are registered to pay taxes electronically (see page 13 for the conditions that apply), you must still file a hard copy of your return on a timely basis, whether mailed or hand-delivered. You should refer to publication 80, *Electronic Funds Transfer Information Guide*, for more information on electronic tax payment due dates.

What happens if I file a late tax return or my tax payment is overdue?

If you file a late return or make a late tax payment, you are liable for interest and penalty charges. If you pay your full tax liability on time but do not file your return on time, you are still liable for a penalty for filing a late return. More information on these charges is found in publication 75, *Interest and Penalty Payments*, available from our website or Information Center (see page 28).



Under limited circumstances, we may allow additional time (up to one month) for filing a return. If the additional time is granted and the return is filed and paid within that time, you will owe interest on the payment but will not be required to pay a penalty. If you are unable to file your return on time, you should obtain form BOE-468, *Request for Extension of Time in which to File a Tax Return*. You can download the form from our website or call our Information Center at 800-400-7115.

If I don't owe taxes, do I still file a return?

Yes. Even if you owe no taxes for the reporting period, have no sales for the period, or all your sales are nontaxable, you must still file a return.

What types of sales are included under gross sales?

The law requires that you report any sale of tangible personal property, whether or not you have been paid for the property. Normally, payment for your sales will be in the form of money (such as cash and charge sales). However, there may be times when you will receive other forms of payment (such as exchanges of property), and the fair market value of those payments must be reported.

Do not include receipts for the following sales under total sales:

- California Lottery sales (scratchers, lotto tickets, and so forth)
- Money order service charges
- Sales of gift certificates (see note below)
- Electronic waste (also known as E-waste) fee charges

As mentioned in the previous chapter, you must report a sale for the tax reporting period in which it occurs, even if you receive payment in a different period. For example, you may sell an item in June for \$500 and allow the customer to take possession of it immediately on credit. Since the customer took possession of the merchandise (the sale took place) in June, you must report the \$500 sale for that month, regardless of when you receive the balance due.

Note—gift certificates: Although you do not include the sale of a gift certificate under your total sales, you do report the sale that occurs when you accept the certificate for a taxable sale of merchandise or property. The sale must be reported for the reporting period in which the certificate was redeemed.

When is a purchase subject to use tax?

A purchase may be subject to use tax for a number of reasons. The most common reasons are:

- You used property purchased with a resale certificate. As explained in chapter 5, if you use a resale certificate to purchase merchandise that you intend to resell, your supplier will not collect sales tax reimbursement. However, if you use the merchandise for another purpose before you resell it, at the time of that use you are liable for use tax. (Using merchandise for display or demonstration purposes before resale is generally not considered a use that is subject to use tax).
- You used property purchased from an out-of-state retailer. In general, if you purchase equipment or merchandise from an out-of-state retailer without paying California tax and use the property for a purpose other than for resale, the purchase is subject to use tax and must be reported.

Note: Use tax may also apply to leases. For information on leases, see publication 46, *Tax Tips for Leasing of Tangible Personal Property in California*, available on our website or by calling 800-400-7115.

How do I report a use tax liability?

If you make a purchase that is subject to use tax, you must report your purchase on line 2 of your return (“Purchases Subject to Use Tax”). See note below.

Note: Purchases from out-of-state retailers: Some out-of-state retailers hold a Certificate of Registration—Use Tax and will collect and report California use tax on their taxable sales to customers in this state. If you paid California use tax to such a retailer, you are not required to report the tax. That retailer must provide you with a receipt showing, among other things, the amount of use tax collected. You should retain a copy of the receipt showing you paid the use tax.

If you properly paid another state’s sales or use tax on the merchandise, and declared the amount of the purchase on line 2 of your return, you can deduct the amount of tax paid to the other state on your return (up to the amount of the California tax due). However, if you resell the property, you cannot claim the credit.

How do I pay the taxes that are due?

There are several payment choices. You can

- *Pay and file on the Internet (E-file).* If you meet the criteria for E-filing, you may be able to simply log on to the Internet, register, and complete your return without having to mail a check. If you owe tax, funds will be transferred directly from your account to ours. To find out if you are eligible and to learn how E-filing works, visit our Internet site at www.boe.ca.gov and click on the “E-File” icon. E-filing is not available to businesses that are required to pay by electronic funds transfer (explained on the next page).



- *Pay by cash, check, or money order* at any of our offices or through the mail, as described on page 10 (please do not mail cash). Make your payment payable to the State Board of Equalization.
- *Pay by credit card.* This option is available only to businesses that file a paper return and who are not required to pay by electronic file transfer (explained below). The following credit cards are accepted: NOVUS (for example, the NOVUS/Discover card), MasterCard, Visa, and American Express. Instructions for charging your payment are provided with your tax return.
- *Pay by electronic funds transfer.* EFT payments are currently required for businesses that pay an average of \$10,000 per month in sales and use taxes. Other businesses can make EFT payments on a voluntary basis. For more information on EFT payments, visit our website at: www.boe.ca.gov/elecsrcv/eftrsrcvcont.htm, or call 800-400-7115 and ask for publication 80, *Electronic Funds Transfer Information Guide*.

Reminder: Regardless of how you pay, you must file your return and make your payment on time.

Can I round to the nearest dollar?

Yes. You may round to the nearest whole dollar on your tax return. An amount of less than 50 cents would be rounded to the next lowest dollar, and an amount of 50 cents or more would be rounded to the next highest dollar. For example, \$127.49 would be rounded as \$127.00, and \$127.50 would be rounded as \$128.00.

What happens if I do not file a tax return?

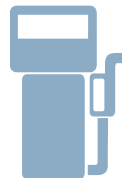
We will contact you and ask you to file the required tax return. If you do not file, your seller's permit may be revoked, an action which will prevent you from legally operating your business. If your permit is revoked and you continue to operate your business, section 7153 of the Revenue and Taxation Code provides that you will be guilty of a misdemeanor, punishable by a fine of \$1,000 to \$5,000 or imprisonment for up to one year, or both.

What are prepayment accounts?

Businesses with average taxable sales of \$17,000 or more per month are required to make tax prepayments. You will be notified in writing if this requirement applies to you. Please do not make prepayments without written authorization.

If I sell or distribute fuels, am I subject to special rules for payment of sales tax?

If you are a wholesaler or supplier of certain fuels, you are required to collect a prepayment of a portion of the sales tax at certain points in the fuel distribution process. You must report and pay the amounts you collect on special "SG" returns. If you are a retailer or other seller of fuel who has prepaid sales tax to your suppliers, you can reimburse yourself by claiming a credit for the prepaid tax when you file your sales tax returns. For more information, download a copy of publication 82, *Prepaid Sales Tax and Sales of Fuel*, or call the Information Center at 800-400-7115.



If a customer pays after the tax reporting period, or pays in installments, when is the tax due?

Tax is due for the period in which the sale takes place—when a customer takes possession of or title to an item. This is true whether you receive payment at that time (in cash, for example) or at a later date (such as credit sales). Accordingly, you must report credit or charge sales for the period in which they occur, regardless of when you receive payment.

Lease payments, however, are treated differently. They are generally reported for the period in which you receive them, regardless of when the taxable lease began. You would not report any unpaid lease balances due. (Different rules apply to leases of trucks, aircraft, and other mobile transportation equipment.)

For detailed information on leases, you can download a copy of Regulation 1660, *Leases of Tangible Personal Property—In General*, or Regulation 1661, *Leases of Mobile Transportation Equipment*, from our website at www.boe.ca.gov/sutax/staxregs.htm. You may also request a copy of publication 46, *Tax Tips for Leasing of Tangible Personal Property in California*. This information is also available by calling 800-400-7115.

I report taxes annually. If I close or sell my business, when do I report taxes?

You are required to file a final tax return when closing your business. If you close your business between January 1 and March 31, you must file your final sales and use tax return by April 30. If you close between April 1 and June 30, the filing date is July 31. If you close between July 1 and September 30, the filing date is October 31. If you close between October 1 and December 31, you must file by January 31.

You should contact our nearest office to obtain a sales and use tax return form to use at the time you close or sell your business. Failure to file a timely return will result in interest and penalty charges.

Where can I get help in filling out a tax return?

You may phone or visit one of our offices or call the Information Center for assistance. Staff will explain how to complete the tax return correctly. Although they cannot prepare the return for you or review your records to determine what amount to report, they will be glad to explain what information is required and how to enter it on the form.

My accountant prepares my tax returns. Can my returns be mailed to my accountant?

Yes. You can ask us to mail your sales and use tax returns directly to your accountant. We will continue to mail other correspondence to your address of record. To participate in this program, accountants must be authorized to receive returns for at least five Board accounts. To request this service, you must complete form BOE-91, *Tax and Fee Payer Authorization to Send Tax Returns/Reports to Accountant*. You may obtain this form from our website or contact our Information Center at 800-400-7115.



Whenever you buy, sell, or discontinue a business, you will need to contact us. If you are buying a business, you may need to obtain a seller's permit, as permits are not transferable. If you are selling or discontinuing a business, you will need to close out your account. (If the business in question is a corporation or limited liability company, please read the last paragraph in this chapter in addition to the information below.)

Do I need to contact the Board if I am buying a business?

Yes. To protect yourself from having to pay any sales and use tax owed by the business you are buying, you should write to us and request a certificate of tax clearance (call a nearby office listed on page 32 for an address). If you do not obtain a clearance before you buy the business and the previous owner left tax amounts unpaid, you could be required to pay taxes, interest, and penalties that are due (up to the purchase price for the business, which includes any assumption of debt).

After receiving your written request for a clearance, we will determine whether the business you are buying owes any sales and use taxes, interest, or penalties. If any money is owed, the current owner will be notified and advised to pay the amount due or you will be advised of an amount to withhold from the purchase price to cover the potential liability. This amount must be paid to us before we can issue a certificate of tax clearance.

If the business you are buying has more than one location and you are buying all of the locations, you need only one clearance. However, if you are buying one or more locations—but not all of them—you should request a clearance for each location.

If you are buying a business through an escrow company, you should make sure that the company requests the certificate of clearance on your behalf. It is important to remember that if taxes are owed by the current owner and escrow closes without a certificate of tax clearance, you may be held liable for unpaid taxes, as noted above.

Am I required to set money aside to cover unpaid taxes owed by the previous owner?

Yes. If we do not issue the certificate of tax clearance described above, you are required to withhold enough of the purchase price of the business to cover any amount owed to us by the former owner until he or she produces

- A receipt from us showing all liability has been paid, or
- A certificate from us stating that no amount is due.

If we have provided you with a certificate of tax clearance for the business, you are no longer legally required to set aside funds to cover unpaid sales and use taxes.

Do I need to apply for a new seller's permit if I buy another business?

Yes. A new permit would be required to show you as the correct owner. You will need to provide the same information required of all seller's permit applicants (see chapter 1). However, if you already have a seller's permit and will operate the business you are buying under that permit, please contact the office that handles your account.

Do I need to tell the Board I am closing or selling my business?

Yes. You must notify us in writing if you intend to sell or close your business. For instructions and the form you should use to notify us, please request a copy of publication 74, *Closing Out Your Seller's Permit* (see page 29 for ordering information).

We will close out your account and cancel your seller's permit. If you provided a cash or interest-bearing security deposit to us when you obtained your seller's permit, the entire deposit or any unused portion will be returned to you depending on whether any taxes remain to be paid. For this reason, it is important that we have your current mailing address on file.



If you do not notify us when you sell your stock of goods, you may be liable for taxes, interest, and penalties incurred by the purchaser or successor.

Reminder: It is a misdemeanor to use your seller's permit if you are no longer actively engaged in business.

If I withdraw from a partnership, should I notify the Board?

Yes. You should notify us whenever a partner is added or dropped. Notifying us in a timely manner could help limit the personal liability of partners for taxes, penalties, and interest charges that are incurred after the partnership change. You should let us know of the change in writing. Publishing this information in a newspaper or notifying another state agency is not sufficient notice to us.

If I withdraw from a business, leaving my spouse or registered domestic partner as sole owner, should I notify the Board?

If your name is on the seller's permit with your spouse or registered domestic partner and you withdraw from ownership of the business, you should let us know of the change in writing. A legal separation or divorce decree awarding the business to one person, without written notification to us, is not sufficient notice. The person who remains and operates the business must obtain a new seller's permit.

The following information applies to corporations and limited liability companies:

Under certain circumstances, responsible individuals may be liable for tax, penalty, and interest owed by corporations, limited liability companies, and limited liability corporations. For more information, see Regulations 1702.5, *Responsible Person Liability*, and 1702.6, *Suspended Corporations*.

Why are resale certificates required?

If you purchase tangible personal property for resale, the transaction is not subject to sales or use tax provided the sale is properly documented. As a result, your supplier will ask you to provide a resale certificate as proof that the property was purchased for resale. As explained below, the certificate must be taken on a timely basis and it must include certain specific information.

What information must a resale certificate include?

The certificate may be in any form, such as a note, letter, or memorandum. However, the certificate must contain:

- The name and address of the purchaser.
- The number of the seller's permit held by the purchaser (if the purchaser is not required to have a seller's permit, see note below).
- A description of the property to be purchased.
- A statement that the described property is being purchased for resale. The certificate must contain words that state the property "will be resold" or is "for resale". The use of words such as "nontaxable" or "exempt" or similar terms is not acceptable.
- The date of the document.
- The signature of the purchaser or someone authorized to act on his or her behalf.

We do not require a specific resale certificate form. However, you may download and use form BOE-230, *General Resale Certificate*, from our website or obtain a copy through our Information Center faxback system (see page 28). A sample resale certificate from Regulation 1668, *Sales for Resale*, is reproduced on page 22.

Certificates are also available in many office supply and stationery stores (you should ensure that the certificates are designed to provide the required information noted above).

Note: Some businesses are not required to hold a seller's permit (for example, a business may not make any sales in this state or it may sell property whose retail sale is not subject to sales tax). If you are selling to a purchaser who is not required to hold a seller's permit but who wishes to make a purchase using a resale certificate, the purchaser must indicate on the certificate that he or she does not hold a seller's permit and why a permit is not required.

What are my responsibilities as a buyer using a resale certificate?

You should not use a resale certificate if there is any question that you will resell the property. If you are purchasing a combination of items where some are for resale and others are taxable

(for personal use, for example), you must clearly indicate to the vendor which items are being purchased for resale.

There may be times when you are not sure whether the items you are purchasing are for resale or for personal use. In such cases, we recommend that you pay sales tax reimbursement or use tax to your supplier. If, at a later date, you resell an item before making use of it, you can take a tax-paid purchase resold deduction on the tax return on which you report the sale.

Do I need to submit a resale certificate each time I make a purchase?

No. If you make several purchases from one vendor, you may file one resale certificate with that vendor to keep on file. If purchase orders are used, in the part of the resale certificate where you describe the property being purchased, you may enter, “see purchase order.” When you make purchases from that vendor, you must then clearly indicate on the purchase order which items are being purchased for resale (by using the words “for resale”). We assume that items not marked for resale are being sold to you at retail and are therefore subject to tax.

What are my responsibilities as a seller accepting a resale certificate?

As a seller, you should always note the general character of the purchaser’s business. If the nature of the business is such that the property purchased would not normally be resold by the purchaser, you should question the use of the certificate.

For example, a resale certificate describing the business as a service station should not be accepted for the purchase of a sofa or a similar item not regularly sold by service stations. If the purchaser insists that the item is to be resold, you should ask for a resale certificate stating that the specific property is being purchased for resale in the regular course of business. If the purchaser is unwilling to provide one, you should consider the sale taxable.

You should not accept the certificate if you know or have reason to believe the property is being purchased for a purpose other than resale.

You are required to take a resale certificate in a timely fashion. That is, it must be taken

- Before you bill the purchaser for the property, or
- At any time within your normal billing and payment cycle, or
- At any time prior to delivery of the property to the purchaser.

You must retain resale certificates you accept from others to substantiate claims that a sale was for resale and therefore not subject to tax.

For more information on making sales for resale, you may wish to obtain a copy of publication 103, *Sales for Resale*.

Can I find out if a seller’s permit number is current?

Yes. If another seller has given you a resale certificate to make a purchase for resale, you can call us toll-free or visit our website to verify the seller’s permit number (see page 28, “To Verify a Seller’s Permit Number”).

Are there any penalties for the illegal use of a resale certificate?

Yes. If you give a resale certificate to purchase property that you know at the time will not be resold in the regular course of business, you will be liable for

- The amount of tax that would be due had the certificate not been used, and
- Interest on the tax due (computed from the time the property was purchased).

In addition, you may have your seller's permit revoked and may be required to pay one or both of the following:

- A penalty of 10 percent of the tax or \$500, whichever is greater, for each purchase made for personal gain or to evade payment of tax.
- A 25 percent penalty for fraud or intent to evade the tax.

It is a misdemeanor to issue a resale certificate to a seller to evade payment of tax. Each offense is punishable by a fine of \$1,000 to \$5,000 or imprisonment for up to one year in the county jail, or both.

Because you are required to pay the correct amount of tax and account for your business purchases and sales, it is essential that you keep adequate records. For more information on keeping records, you may request a copy of Regulation 1698, Records, and publication 116, Sales and Use Tax Records. In addition, tax tip pamphlets prepared for specific types of businesses include information on record-keeping.

Note: The following information applies to the Board of Equalization. Other government agencies may have different recordkeeping requirements.

Am I required to keep business records?

Yes. You are required to keep business records so that representatives from our agency may

- Verify the accuracy of sales and use tax returns.
- Determine if tax is due if a return has not been filed.

Failure to maintain accurate records may be considered evidence of negligence or intent to evade the tax and could result in penalties.

What types of records do I keep?

You must keep records that are necessary to determine the correct tax liability under the Sales and Use Tax Law, such as

- The normal books of account (books of account can include information stored on computers).
- Documents of original entry (for example, bills, receipts, invoices, job orders, contracts, or other documents) supporting the entries in the books of account.
- All schedules or working papers used to prepare your tax returns.

What should my records show?

Your records must show all of the following:

- Gross receipts from all sales or leases of tangible personal property—even sales or leases you may consider to be exempt from tax.
- All deductions claimed in filing returns.
- The total purchase price of all tangible personal property purchased for sale, consumption, or lease.

How long do I keep my business records?

You must keep sales and use tax records for four years unless we give you written authorization to destroy them sooner. This applies to all records that pertain to transactions involving sales or use tax liability.

In addition, if we are auditing your records, you should retain all records for the period being audited until the audit is completed. If you appeal the findings of your audit or file a claim for refund, be sure to keep the related records until your case is resolved.



Should I keep resale or exemption certificates that I have accepted?

Yes. You need to keep the certificates to document claimed nontaxable sales. If you do not keep these records, you may be required to pay tax, interest, and penalty charges if you cannot otherwise prove a sale was not taxable.

Sample Resale Certificate, from Regulation 1668
(may be reproduced)

BOE-230 (7-02)
GENERAL RESALE CERTIFICATE

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

California Resale Certificate

I HEREBY CERTIFY:

1. I hold valid seller's permit number: _____

2. I am engaged in the business of selling the following type of tangible personal property:

3. This certificate is for the purchase from _____ of the item(s) I have
listed in paragraph 5 below. [Vendor's name]

4. I will resell the item(s) listed in paragraph 5, which I am purchasing under this resale certificate in the form of tangible personal property in the regular course of my business operations, and I will do so prior to making any use of the item(s) other than demonstration and display while holding the item(s) for sale in the regular course of my business. I understand that if I use the item(s) purchased under this certificate in any manner other than as just described, I will owe use tax based on each item's purchase price or as otherwise provided by law.

5. Description of property to be purchased for resale:

6. I have read and understand the following:

For Your Information: A person may be guilty of a misdemeanor under Revenue and Taxation Code section 6094.5 if the purchaser knows at the time of purchase that he or she will not resell the purchased item prior to any use (other than retention, demonstration, or display while holding it for resale) and he or she furnishes a resale certificate to avoid payment to the seller of an amount as tax. Additionally, a person misusing a resale certificate for personal gain or to evade the payment of tax is liable, for each purchase, for the tax that would have been due, plus a penalty of 10 percent of the tax or \$500, whichever is more.

NAME OF PURCHASER

SIGNATURE OF PURCHASER, PURCHASER'S EMPLOYEE OR AUTHORIZED REPRESENTATIVE



PRINTED NAME OF PERSON SIGNING

TITLE

ADDRESS OF PURCHASER

TELEPHONE NUMBER

()

DATE

Copies of this California Resale Certificate (form BOE-230) are available on our website and from our Information Center faxback service.

The following is a list of the regulations that apply specifically to sales and use taxes.

1500 Foreword

Service Enterprises

- 1501 Service Enterprises Generally
 - 1501.1 Research and Development Contracts
- 1502 Computers, Programs, and Data Processing
 - 1502.1 Word Processing
- 1503 Hospitals and Other Medical Service Facilities, Institutions and Homes for the Care of Persons
- 1504 Mailing Lists and Services
- 1505 Morticians
- 1506 Miscellaneous Service Enterprises
- 1507 Technology Transfer Agreements

Contractors and Subcontractors

- 1521 Construction Contractors
 - 1521.4 Factory-Built Housing

Manufacturers, Producers, Processors

- 1524 Manufacturers of Personal Property
- 1525 Property Used in Manufacturing
 - 1525.1 Manufacturing Aids
 - 1525.2 Manufacturing Equipment
 - 1525.3 Manufacturing Equipment—Leases of Tangible Personal Property
 - 1525.5 Manufacturing By-Products and Joint-Products
 - 1525.7 Rural Investment Tax Exemption
- 1526 Producing, Fabricating and Processing Property Furnished by Consumers—General Rules
- 1527 Sound Recording
- 1528 Photographers, Photocopiers, Photo Finishers and X-Ray Laboratories
- 1529 Motion Pictures

1530 Foundries

- 1531 Fur Dressers and Dyers
- 1532 Teleproduction or Other Postproduction Service Equipment
- 1533 Liquefied Petroleum Gas
 - 1533.1 Farm Equipment and Machinery
 - 1533.2 Diesel Fuel Used in Farming Activities or Food Processing
- 1534 Timber Harvesting Equipment and Machinery
- 1535 Race Horse Breeding Stock

Graphic Arts and Related Enterprises

- 1540 Advertising Agencies and Commercial Artists
- 1541 Printing and Related Arts
 - 1541.5 Printed Sales Messages
- 1543 Publishers

Installers, Repairers, Reconditioners

- 1546 Installing, Repairing, Reconditioning in General
- 1548 Retreading and Recapping Tires
- 1549 Fur Repairers, Alterers and Remodelers
- 1550 Reupholsterers
- 1551 Repainting and Refinishing
- 1553 Miscellaneous Repair Operations

Specific Businesses Engaged in Retailing

- 1565 Auctioneers
- 1566 Automobile Dealers and Salesmen
- 1567 Banks and Insurance Companies
- 1568 Beer, Wine and Liquor Dealers
- 1569 Consignees and Lienors of Tangible Personal Property for Sale
- 1570 Charitable Organizations

1571	Florists
1572	Memorial Dealers
1573	Court Ordered Sales, Foreclosures and Repossessions
1574	Vending Machine Operators
1583	Modular Systems Furniture
<i>Specific Kinds of Property and Exemptions Generally</i>	
1584	Membership Fees
1585	Cellular Telephones, Pagers, and Other Wireless Telecommunication Devices
1586	Works of Art and Museum Pieces for Public Display
1587	Animal Life, Feed, Drugs and Medicines
1588	Seeds, Plants and Fertilizer
1589	Containers and Labels
1590	Newspapers and Periodicals
1591	Medicines and Medical Devices
1591.1	Specific Medical Devices, Appliances, and Related Supplies
1591.2	Wheelchairs, Crutches, Canes, and Walkers
1591.3	Vehicles for Physically Handicapped Persons
1591.4	Medical Oxygen Delivery Systems
1592	Eyeglasses and Other Ophthalmic Materials
1593	Aircraft and Aircraft Parts
1594	Watercraft
1595	Occasional Sales—Sale of a Business-Business Reorganization
1596	Buildings and Other Property Affixed to Realty
1597	Property Transferred or Sold by Certain Nonprofit Organizations
1598	Motor Vehicle and Aircraft Fuels
1598.1	Diesel Fuel Prepayment Exemption
1599	Coins and Bullion
<i>Food Products</i>	
1602	Food Products
1602.5	Reporting Methods for Grocers
1603	Taxable Sales of Food Products

Special Provisions Affecting Vehicles, Vessels, and Aircraft

1610	Vehicles, Vessels, and Aircraft
1610.2	Mobilehomes and Commercial Coaches

Matters Involving the Federal Government

1614	Sales to the United States and Its Instrumentalities
1616	Federal Areas
1617	Federal Taxes
1618	United States Government Supply Contracts
1619	Foreign Consuls

Interstate and Foreign Commerce

1620	Interstate and Foreign Commerce
1620.1	Sales of Certain Vehicles and Trailers for Use in Interstate or Out-of-State Commerce
1620.2	Beverages Sold or Served by Carriers
1621	Sales to Common Carriers

Matters Involving Transportation of Property

1628	Transportation Charges
1629	Goods Damaged in Transit
1630	Packers, Loaders, and Shippers
1632	C.O.D. Fees

Credit Transactions

1641	Credit Sales and Repossessions
1642	Bad Debts
1643	Debit Card Charges

Exchanges, Returns, Defects

1654	Barter, Exchange, “Trade-ins” and Foreign Currency Transactions
1655	Returns, Defects and Replacements

Leases of Tangible Personal Property

1660	Leases of Tangible Personal Property—in General
1661	Leases of Mobile Transportation Equipment

*Resale Certificates; Demonstration, Gifts
and Promotions*

- 1667 Exemption Certificates
- 1668 Sales for Resale
- 1669 Demonstration, Display and Use of
Property Held for Resale—General
- 1669.5 Demonstration, Display, and Use of
Property Held for Resale—Vehicles
- 1670 Gifts, Marketing Aids, Premiums and
Prizes
- 1671 Trading Stamps and Related Promotional
Plans

Payment and Collection of Use Tax

- 1684 Collection of Use Tax by Retailers
- 1685 Payment of Tax by Purchasers
- 1686 Receipts for Tax Paid to Retailers
- 1687 Information Returns

Administration—Miscellaneous

- 1698 Records
- 1699 Permits
- 1699.5 Direct Payment Permits
- 1699.6 Use Tax Direct Payment Permits
- 1700 Reimbursement for Sales Tax
- 1701 “Tax-Paid Purchases Resold”
- 1702 Successor’s Liability
- 1702.5 Responsible Person Liability
- 1702.6 Suspended Corporations
- 1703 Interest and Penalties
- 1704 Whole Dollar Reporting—Computations
on Returns or Other Documents
- 1705 Relief from Liability
- 1705.1 Innocent Spouse Relief from Liability
- 1706 Drop Shipments
- 1707 Electronic Funds Transfer

*Bradley-Burns Uniform Local Sales and Use
Taxes*

- 1802 Place of Sale and Use for Purposes of
Bradley-Burns Uniform Local Sales and
Use Taxes
- 1803 Application of Tax
- 1803.5 Long-term Leases of Motor Vehicles
- 1805 Aircraft Common Carriers
- 1806 Construction Contractors
- 1807 Process for Reviewing Local Tax
Reallocation Inquiries

Transactions (Sales) and Use Taxes

- 1821 Foreword
- 1822 Place of Sale for Purposes of Transactions
(Sales) and Use Taxes
- 1823 Application of Transactions (Sales) Tax
and Use Tax
- 1823.5 Place of Delivery of Certain Vehicles,
Aircraft, and Undocumented Vessels
- 1825 Aircraft Common Carriers
- 1826 Construction Contractors
- 1827 Collection of Use Tax by Retailers
- 1828 Process for Reviewing Transactions and
Use Tax Distribution Inquiries
- 5200 Annotations
- 8000-8016 Public Access to Records Pertaining to
Tax and Fee Programs

Free Sales and Use Tax Publications (Single copies are available at no charge or you can download them from our website)

Note about translations: One or more of the following letters will appear after the title to indicate that a translated version is available in that language:

C (Chinese) F (Farsi) K (Korean)
S (Spanish) V (Vietnamese)

General

- 1 California Sales and Use Tax Law
- 2 California Uniform Local Sales & Use Tax Law, California Transactions & Use Tax Law, and Additional Local Taxes
- 12 California Use Fuel Tax: A Guide for Vendors and Users
- 17 Appeals Procedures
- 21 State Board of Equalization (agency overview)
- 42 Resale Certificate Tips (S)
- 47 Mobilehomes and Factory-Built Housing
- 51 Guide to Board of Equalization Services (C, K, S, V)
- 54 Tax Collection Procedures
- 56 Offers in Compromise
- 57 Innocent Spouse Relief
- 58-A How to Inspect and Correct Your Records
- 61 Sales and Use Taxes: Exemptions and Exclusions
- 70 The California Taxpayers' Bill of Rights (C, K, S, V)
- 71 California City and County Sales and Use Tax Rates (C, S)
- 73 Your California Seller's Permit (C, F, K, S, V)

- 74 Closing Out Your Seller's Permit (C, S)
- 75 Interest and Penalty Payments
- 76 Audits (F, K, S)
- 77 Out-of-State Sellers: Do You Need to Register with California?
- 79 Documented Vessels and California Tax
- 79-A Aircraft and California Tax
- 79-B California Use Tax
- 80 Electronic Funds Transfer Information Guide
- 81 Franchise and Personal Income Tax Appeals
- 82 Prepaid Sales Tax and Sales of Fuel
- 144 Introduction to E-Filing

Tax Tip Booklets (Tax Tips for . . .)

- 9 Construction and Building Contractors
- 18 Nonprofit Organizations
- 22 Dining and Beverage Industry (K, S)
- 24 Liquor Stores
- 25 Auto Repair Garages and Service Stations (S)
- 27 Drug Stores
- 28 Tax Information for City and County Officials
- 31 Grocery Stores (C, K, S, V)
- 32 Sales to Purchasers from Mexico (S)
- 34 Motor Vehicle Dealers
- 35 Interior Designers and Decorators
- 36 Veterinarians (under revision, not currently available)
- 37 Graphic Arts Industry (under revision, not currently available)
- 38 Advertising Agencies (under revision, not currently available)
- 40 Watercraft Industry
- 44 District Taxes

- 45 Hospitals
- 46 Leasing of Tangible Personal Property in California
- 62 Locksmiths
- 64 Jewelry Stores
- 66 Agricultural Industry
- 68 Photographers, Photo Finishers and Film Processing Laboratories

Tax Schedules, Newsletters, Calendars, and Reports

- Tax Information Bulletin (quarterly)
- Tax Information Bulletin Index (publication 26)
- State of California Sales Tax Reimbursement Schedules (please specify the rate you want)
- Annual Calendar of Board Meetings
- Taxable Sales in California
- Annual Report
- Hearing Procedures of the State Board of Equalization (regulations)

*Publications for Sale at Cost (can also be downloaded without charge from our website)
For prices, call 800-400-7115*

- Business Taxes Law Guide
- Business Taxes Audit Manual
- Compliance Policy and Procedures Manual

Tax Facts

Need quick answers?

Try one of our Tax Facts. Each single-sheet publication focuses on a specific topic.

- 100 Shipping and Delivery Charges *
- 101 Sales Delivered Outside California *
- 102 Sales to the U.S. Government *
- 103 Sales for Resale *
- 104 Sales to Residents of Other Countries *
- 105 District Taxes and Delivered Sales *
- 106 Gift-Wrapping Charges
- 107 Do You Need a California Seller's Permit? *
- 108 When Is Labor Taxable? *
- 109 Are Your Internet Sales Taxable? *
- 110 California Use Tax Basics *
- 111 Operators of Swap Meets, Flea Markets and Special Events*
- 112 Purchases from Out-of-State Vendors *
- 113 Coupons and Sales Tax *
- 114 Consignment Sales
- 115 Applying Sales Tax to Tips and Related Payments *
- 116 Sales and Use Tax Records
- 117 Filing a Claim for Refund
- 118 Selling Food in Vending Machines
- 119 Sales Tax and Warranties

* Also available in Spanish.

How Can I Get a Copy?

Write, call, or download from our website.
See page 29 for details.

Internet Access—www.boe.ca.gov

You can find all kinds of useful information on our website. You can download publications, send e-mail requests for information, find out what tax rates to use, look up information on your Board Members and public hearings, verify seller's permit numbers, and more.

Information Center—800-400-7115

TDD/TTY—800-735-2929

Ask a general tax question.

Call us during working hours to speak to a representative. Staff are available from 8:00 a.m. to 5:00 p.m., Monday-Friday, Pacific time, excluding state holidays. Or call at any time to use the Information Center's automated features (for example, to leave a message requesting a publication, listen to recorded messages, or use the automated faxback system described below).

Request fax copies of selected forms and notices.

Our faxback service is available 24 hours a day. Call 800-400-7115. Select "Automated Services" from the menu, then choose the fax option.

Request bilingual services.

We provide bilingual services for persons who need help in a language other than English.

To Report Suspected Tax Evasion

Call 888-334-3300 during working hours to speak to a representative.

To Verify a Seller's Permit Number

If another seller has given you a resale certificate to make a purchase for resale, you can visit our website at www.boe.ca.gov under "Permit Verification" and obtain resale certificate status within seconds. You can also call us toll-free at 888-225-5263. Both services are available seven days a week. You should also have available the name of the business, the business address, and the name of the business owner to compare with the information we provide.

Questions Regarding Your Account

If you have a specific question about your account (for example, questions regarding an audit, a tax payment, or a billing), please call the office that maintains your records. The name and telephone number of the appropriate office is printed on your tax returns. Field office telephone numbers are provided on page 32.

Publications and Regulations

To obtain copies of publications and regulations, you may

Visit our Internet site—www.boe.ca.gov. Most of our publications can be downloaded free of charge, or you can use our online ordering system.

Call 800-400-7115. Call during business hours to talk to a representative. If you call after business hours and know the name of the publication, form, or regulation you need, you can leave a recorded message.

Contact your local Board office. See page 32 for their telephone numbers. If you plan to visit the office to pick up a publication, you should call ahead to make sure a copy is available.

Tax Information Bulletin

As a registered seller, you will receive the quarterly *Tax Information Bulletin*, which includes articles on the application of law to specific types of transactions, announcements about new and revised publications, and other articles of interest to sellers. The bulletin is mailed with your sales and use tax returns. You can also find the bulletins on the Internet at www.boe.ca.gov/news/tibcont.htm. If you file only once a year and would like to receive all four bulletins, please write and ask to be added to Mailing List #15: Attn: Addressing Systems; Mail Services Unit, MIC:12; State Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0012.

Written Tax Advice

It is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that you reasonably relied on written advice from us regarding the transaction. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction.

Written tax advice is specific to individual taxpayers. You cannot obtain tax relief by relying on a written opinion given to another business, even if your transactions are similar. In addition, tax relief is not available if you incorrectly apply tax based on advice we give you in person or over the telephone. Send your request to Audit and Information Section, MIC:44; State Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0044.

Free Seminars

Small Business Fairs

Our Small Business Fairs offer expert tax help through informative workshops on federal, state, and local tax reporting and business requirements. We invite current and potential business owners to attend one of these tax days. Although they are free, reservations are recommended. For more information please contact your local Board office (see page 32), or visit our website at www.boe.ca.gov and click on “Free Seminars.”

Classes

You may enroll in a basic sales and use tax class offered by some local Board offices. You can find out what is offered by visiting our website at www.boe.ca.gov/sutax/tpsched.htm. You should call ahead to find out when your local office conducts classes for beginning sellers.

Taxpayers' Rights Advocate Office

If you have been unable to resolve a disagreement with us through normal channels, or if you would like to know more about your rights under the Sales and Use Tax Law, please contact the Taxpayers' Rights Advocate office for help. The toll-free phone number is 888-324-2798 (fax: 916-323-3319).

You can also write to them at this address:

Taxpayers' Rights Advocate Office, MIC:70
450 N Street
P.O. Box 942879
Sacramento, CA 94279-0070

Should I be registered under any other Board-administered tax programs?

We administer several taxes and fees in addition to the state's sales and use taxes. Publication 51, *Guide to Board of Equalization Services*, provides a listing of all Board-administered tax and fee programs. It is available on our website, www.boe.ca.gov or from our Information Center. The list below includes some of the other tax programs we administer and describes who is generally required to register. For further information or to register for a particular program, please call the appropriate section.

Excise Taxes and Fees Division

Excise Taxes Section - Telephone number 800-400-7115

Alcoholic Beverage Tax

Wholesalers, manufacturers, and importers of alcoholic beverages.

California Tire Fee

Retail sellers of new tires.

Cigarette and Tobacco Products Tax

(tobacco products include cigars, chewing tobacco, pipe tobacco, and snuff)



Retailers, wholesalers, and distributors of cigarettes and tobacco products must register with the Board to report excise tax on their sales and distributions.

California Cigarette and Tobacco Products Licensing Act of 2003

Manufacturers and importers of cigarettes and retailers, wholesalers, and distributors of both cigarettes and tobacco products must have a state license to sell those products in California.

For more information, see publication 93, *Cigarette and Tobacco Products Taxes*. Information for retailers on the licensing requirement is found in publication 78, *Sales of Cigarettes and Tobacco Products in California*.

Environmental Fees Section - Telephone number 916-322-9534

Environmental Fee

Industry groups that use, generate, or store hazardous materials or that conduct activities related to those materials. It applies to all corporations with 50 or more employees that are employed more than 500 hours in California during a calendar year.

Generator Fee

Every person who generates five or more tons of hazardous waste in California within a calendar year for a specific site.

Occupational Lead Poisoning Prevention Fee

Employers in an industry where there is evidence of a potential for lead poisoning.

Ballast Water Management Fee (also known as Marine Invasive Species Fee)

Owners or operators of ships that enter California with ballast water loaded from outside of California.

Facility Fee

Owners or operators of a site that is permitted by the Department of Toxic Substances Control to dispose, treat, or store hazardous waste.

Disposal Fees

Anyone disposing of waste on or into land in California.

Activity Fee

Businesses required to apply to the Department of Toxic Substances Control for hazardous waste permits and variances.

Electronic Waste Recycling Fee Section - Telephone number 916-341-6906

Retailers of certain new or refurbished televisions, computer monitors, laptop computers and other electronic devices are required to collect a fee from the consumer at the time of the retail sale.

Fuel Taxes Division

Fuel Industry Section - Telephone number 916-322-9669

Motor Vehicle Fuel Tax

Suppliers of gasoline.

Underground Storage Tank Maintenance Fee

Owners of underground petroleum product storage tanks, including owners of most gasoline stations.

Use Fuel Tax

Owners and operators of vehicles powered by fuels other than gasoline or diesel, such as LPG, LNG, CNG, certain alcohol or alcohol blend fuels, ethanol, and methanol; use fuel vendors.

Aircraft Jet Fuel Tax

Sellers of jet fuel to jet fuel users.

Motor Carrier Section - Telephone number 916-445-5022

Interstate User Diesel Fuel Tax (IFTA)

Motor carriers who use diesel fuel in interstate operations.

Field Offices

City	Area Code	Number
Bakersfield	661	395-2880
Culver City	310	342-1000
El Centro	760	352-3431
Fresno	559	248-4219
Kearny Mesa	858	636-3191
Laguna Hills	949	461-5711
Long Beach	562	901-2483
Norwalk	562	466-1694
Oakland	510	622-4100
Rancho Mirage	760	346-8096
Redding	530	224-4729
Riverside	951	680-6400
Sacramento	916	227-6700
Salinas	831	443-3003
San Diego	619	525-4526
San Francisco	415	356-6600
San Jose	408	277-1231
San Marcos	760	510-5850
Santa Ana	714	558-4059
Santa Rosa	707	576-2100
Suisun City	707	428-2041
Van Nuys	818	904-2300
Ventura	805	677-2700
West Covina	626	480-7200

Offices for Out-of-State Accounts

Chicago, IL	312	201-5300
Houston, TX	281	531-3450
New York, NY	212	697-4680
Sacramento, CA	916	227-6600



California State Board of Equalization
450 N Street • Sacramento, California
Mailing Address: P.O. Box 942879 • Sacramento, CA 94279-0001
LDA